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# U.S. Needs To Clear Up A Mystery in Australia

A series of articles in *The Wall Street Journal* telling of the financial collapse of a private banking concern and a group of affiliated companies in Australia has set off shock waves in the U.S. and raised questions of the involvement of the CIA and other government agencies.

Mr. Frank Nugan, co-founder and chairman of the companies, Nugan Hand Ltd., was found shot to death near Sydney on Jan. 27, 1980, apparently a suicide. After that, Australian officials and investigators began to put together what *The Journal* calls "a picture of an amazing swindle that spanned six continents and bilked investors out of millions of dollars." It soon became apparent to the investigators that Nugan Hand Ltd. had been on the verge of collapse. The company went into liquidation in April 1980. The other founder, Mr. Michael Hand, a former U.S. intelligence operative and a Green Beret during the Vietnam War, flew to the U.S. in June 1980 and has disappeared from public view.

The unraveling of this fantastic story is still far from complete. What makes it of such great concern — both in the U.S. and in Australia — is the close relationship of so many former high-ranking U.S. military and intelligence officials with Nugan Hand.

Mr. William Colby, the former CIA director, had been the company's lawyer. Former Gen. Edwin F. Black, a former official in the old Office of Strategic Services, predecessor to the CIA, and close associate of two men who became CIA chiefs, was president of Nugan Hand Inc., Hawaii.

Rear Adm. Earl P. Yates, the recently retired chief of staff for strategic planning for U.S. forces in Asia and the Pacific, was the president of Nugan Hand. At the time of Mr. Nugan's death, Lt. Gen. Leroy J. Major, retired chief of staff for all U.S. forces in Asia and the Pacific, who had been on secret duty for the Air Force, was helping run Nugan Hand's Philippine office. Other former U.S. military men and officials were connected with the firm or its executives in various capacities.

*The Journal* reported that after Mr. Nugan's death other officials of the firm, including Admiral Yates, "raced to the Nugan Hand office and with a few other insiders began ransacking the files." According to witnesses, the newspaper said, "enough records to fill a small room were fed to a shredder." Others were packed in cartons and carried away. But numerous remaining records suggest the company may have been involved in much more than banking, *The Journal* said. There were reports about military and political activities in Southeast Asia, files on international arms deals and other data of a military nature.

Nugan Hand, according to *The Journal*, attracted investors by guaranteeing rates of return far above prevailing interest rates. Those who invested included many American servicemen and others working overseas in such places as Saudi Arabia. U.S. concerns in these lo-

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